

REMARKS/ARGUMENTS

Favorable reconsideration of this application is requested in light of the following discussion.

Claims 1-23 remain pending in the present application. Claims 2-9, 12 and 15-23 are amended to address cosmetic matters of form. Claims 13 and 14 are cancelled without prejudice or disclaimer. No new matter has been added.

By way of summary, the Official Action presents the following issues: the oath/declaration has been objected to as to matters of form; the application has been rejected under 37 C.F.R. § 1.98(a)(1); Claims 1, 6, 7, 10 and 15 stand rejected under 35 U.S.C. § 103 as being unpatentable over Smith (U.S. Patent No. 6,963,853, hereinafter Smith in view of “Issues Flexible Cat Bond”, Sorema (hereinafter Sorema); Claims 2, 3, 11, 16, 17 and 20 stand rejected under 35 U.S.C. § 103 as being unpatentable over Smith in view of “Optimal Catastrophe Insurance With Multiple Catastrophes”, Louberge (hereinafter Louberge); Claims 4 and 8 stand rejected under 35 U.S.C. § 103 as being unpatentable over Smith in view of Official Notice; Claims 5, 12 and 19 stand rejected under 35 U.S.C. § 103 as being unpatentable over Smith in view of “Catastrophe Risk Management - Implications of Default Risk and Basis Risk” Richter (hereinafter Richter) in further view of “Financial Innovation in the Management of Catastrophe Risk” Doherty (hereinafter Doherty); and Claims 8, 9, 22 and 23 stand rejected under 35 U.S.C. § 103 as being unpatentable over Smith in view of Doherty.

OATH/DECLARATION

The Official Action has objected to the form of the Declaration in accordance with 37 C.F.R. § 1.67(a).

Applicants note that the present application has been filed in the name of a single invention, Judith Klugman. As the proper inventorship of an application is based upon the claims presented, it is respectfully submitted that the reference to the provisional application is irrelevant. The Declaration is proper under 37 C.F.R. 1.67(a).

Accordingly, Applicants respectfully submit that the declaration is compliant with all U.S.P.T.O. requirements.

INFORMATION DISCLOSURE STATEMENT

At paragraph 7 of the Official Action, it is noted that since there was no Information Disclosure Statement filed with this application, that the application fails to comply with 37 C.F.R. § 1.98(a)(1).

The Official Action seems to be taking the position that a IDS is required for all applications filed with the U.S.P.T.O. Of course, no such requirement exists. While 37 C.F.R. § 1.98(a)(1) may establish guidelines for the format of a IDS, it certainly does not require that an IDS be filed with every application.

Accordingly, Applicants respectfully submit that this portion of the Official Action has been issued in error and no further action is required on the part of the Applicant.¹

REJECTIONS UNDER 35 U.S.C. § 103

The Official Action has rejected Claims 1, 6, 7, 10 and 15 under 35 U.S.C. § 103 as being unpatentable over Smith in view of Sorema. The Official Action contends that Smith describes all of the Applicants' claimed features with the exception of a flexible catastrophe bond. However, the Official Action cites Sorema as describing this more detailed aspect of the Applicants' claimed advancements, and states that it would have been obvious, to one of

¹ Applicants submit and IDS herewith, independent of this erroneous objection.

ordinary skill in the art at the time the advancements were made, to combine the cited references for arriving at the Applicants' claim. Applicants respectfully traverses the rejection.

Applicants' Claim 1 recites, *inter alia*, a method of securitizing natural catastrophe risk, including:

establishing one or more risk classes, each risk class representing one or more natural catastrophe risks, each risk class being recurrently issuable as risk instruments providing a return on an investment, the amount of the return for a risk instrument being contingent upon the occurrence of a realization event for the corresponding represented natural catastrophe risk; and issuing a first collection of risk instruments of a first risk class of the one or more risk classes.
(Emphasis added.)

Smith describes a software tool by which weather-related risks may be assessed. For example, as shown in Figure 1, a system (101) is provided for one or more users (102) to perform a calculation function (103) over a network. With this system, information (105) is provided such as the user's industry, location, and information relating to the user's cost of taking weather precautions. Based upon this information, a return on investment function (103) calculates a dollar value reflecting how much the user would benefit from the use of weather-related risk management services. This information is provided to the user's web browser for display.² In this way, based upon information from database (106) a user can ascertain the probability of, for example, the occurrence of a hurricane in view of the costs associated with preparing for the hurricane. In other words, the system may deliver a discounted dollar amount representing the degree to which weather-related risk management services are more accurate than an alternate form of risk management employed by the user.³

Sorema describes a bond which is flexible with respect to the renegotiation of both the limits and price of the bond each year.

² See Smith at Fig. 1, col. 3, line 60 through col. 4, line 8.

³ See Smith at col. 5, lines 10-37.

Conversely, in an exemplary embodiment of the Applicants' claimed advancements, a method of securitizing natural catastrophe risk is provided. One or more risk classes are established, each risk class representing one or more natural catastrophe risks. Each risk class is recurringly issuable as risk instruments providing a return on an investment. The amount of the return for a risk instrument is contingent upon the occurrence of a realization event with a corresponding represented natural catastrophe risk. A first collection of risk instruments of a first risk class of the one or more risk classes is issued.

As can be appreciated, Smith has absolutely nothing to do with recurringly issuable risk instruments which provide a return on an investment. Smith does not describe the issuance of any risk instruments whatsoever. Instead, Smith merely describes a software program by which an allegedly enhanced analytical forecasting tool is leveraged for decreasing cost associated with weather preparation. Likewise, Sorema merely describes a bond which is flexible with respect to terms. Accordingly, the cited combination of references do not form a proper *prima facie* case of obviousness under 35 U.S.C. § 103.

Additionally, Applicants note that paragraph 10 of the Official Action makes reference to a claim of the Smith reference. Applicants points out that a rejection of an application based on reference to a patent claim is clearly improper. The Federal Circuit has characterized analysis of prior art patent claims with respect to the patentability of an Application as "a plainly indefensible line of reasoning" (*In Re Benno*, 226 U.S.P.Q. 683, 686, Fed. Cir. 1985) and further stated that:

The scope of a patent's claim determines what infringes the patent; it is no measure of what it discloses. A patent discloses only that which it describes, whether specifically, or in general terms, so as to convey intelligence to one capable of understanding (*See Benno* at 686) (emphasis added)).

Accordingly, Applicants respectfully request that the rejection of Claims 1, 6, 7, 10 and 15 under 35 U.S.C. § 103 be withdrawn.

The Official Action has rejected Claims 2, 3, 11, 16, 17 and 20 under 35 U.S.C. § 103 as being unpatentable over Smith in view of Louberge. The Official Action contends that Smith describes all of the Applicants' claimed features with the exception of risk classes. However, the Official Action cites Louberge as describing these more detailed aspects of the Applicants' claims and states that it would have been obvious to one of ordinary skill in the art at the time advancements were made to combine the cited references for arriving at the Applicants' claims. Applicants respectfully traverse the rejection.

As discussed above, Smith does not describe all of the features of the Applicants' claims for which it has been asserted. Likewise, Louberge does not remedy the deficiencies discussed above. Moreover, Applicants note that the classification of catastrophes as allegedly described by Louberge is a general discussion of types of catastrophes, it does not describe or suggest the classification of such catastrophes into risk classes and risk instruments as cited in the Applicants' claims.

Accordingly, Applicants respectfully request that the rejection of Claims 2, 3, 11, 16, 17 and 20 under 35 U.S.C. § 103 be withdrawn.

The Official Action has rejected Claims 4 and 8 under 35 U.S.C. § 103 as being unpatentable over Smith in view of Official Notice. The Official Action contends that Smith describes all of the Applicants' claimed features and that any missing features are satisfied by Official Notice. Applicants respectfully traverse the rejection.

With regard to this noted deficiency in light of the rejection under 35 U.S.C. § 103, it appears that the Official Action is taking Official Notice without providing a citation in support of its assertion.

If Official Notice is being taken, Applicants respectfully submit that Official Notice alone is not permissible as grounds for rejection in the outstanding Official Action. As stated in the MPEP at § 2144.03(A):

It would not be appropriate for the examiner to take official notice of facts without citing a prior art reference where the facts asserted to be well known are not capable of instant and unquestionable demonstration as being well-known. For example, assertions of technical facts in the areas of esoteric technology or specific knowledge of the prior art must always be supported by citation to some reference work recognized as standard in the pertinent art. *In re Ahlert*, 424 F.2d at 1091, 165 USPQ at 420-21.

With regard to the above, Applicants respectfully submit that the features advantageously recited in Claims 4 and 8 are not “capable of instant and unquestionable demonstration as being well-known.”

Claims 5, 12 and 19 stand rejected under 35 U.S.C. § 103 as being unpatentable over Smith in view of Richter and Doherty. The Official Action contends that the combination of these references provide all of the features of the Applicants’ claims. Applicants respectfully traverses the rejection.

As noted above, Smith does not provide all of the features of the Applicants’ claims for which it has been asserted. Likewise, as both Richter and/or Doherty are likewise deficient, alone or in combination with Smith, Applicants respectfully submit that a *prima facie* case of obviousness has not been presented.

Accordingly, Applicants respectfully request that the rejection of Claims 5, 12 and 19 under 35 U.S.C. § 103 be withdrawn.

The Official Action has rejected Claims 8, 9, 22 and 23 under 35 U.S.C. § 103 as being unpatentable over Smith in view of Doherty. The Official Action contends that the cited combination of references describes all of the Applicants’ claimed features. Applicants respectfully traverse the rejection.

As discussed above, Smith does not provide all of the features of the Applicants’ claims for which it has been asserted. Likewise, as Doherty does not remedy the deficiencies discussed above, alone or in combination with Smith, Applicants respectfully submit that a *prima facie* case of obviousness has not been presented.

Accordingly, Applicants respectfully request that the rejection of Claims 8, 9, 22 and 23 under 35 U.S.C. § 103 be withdrawn.

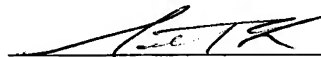
CONCLUSION

As Applicants have not substantively amended the claims in response to any rejection of record, should a further rejection be applied in the next Action based upon newly cited prior art, Applicants submit that such an action **cannot properly be considered a Final Office Action.**

Consequently, in view of the foregoing remarks, it is respectfully submitted that the present application, including Claims 1-23, is patentably distinguished over the prior art, in condition for allowance, and such action is respectfully requested at an early date.

Respectfully submitted,

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